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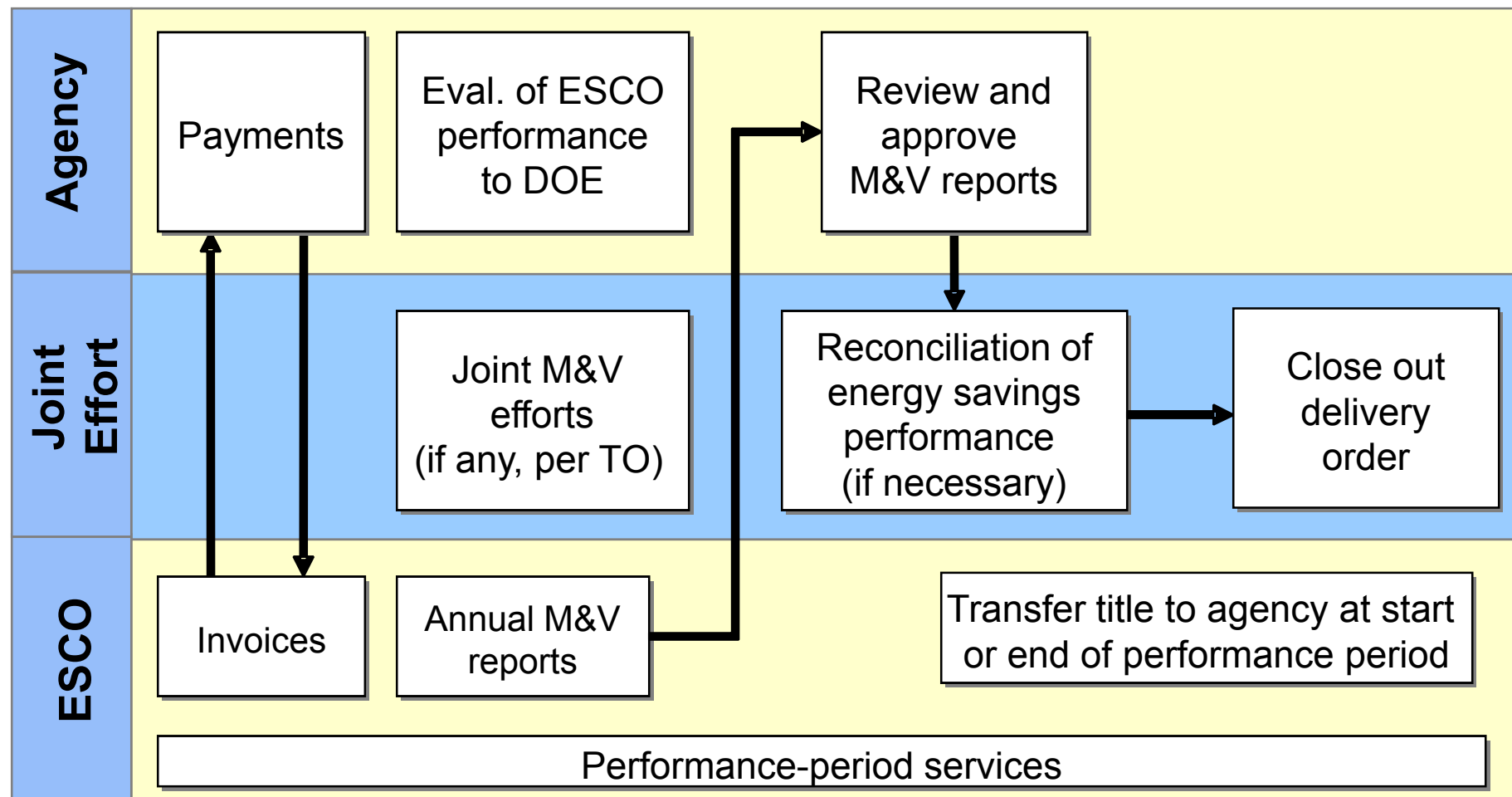
Federal Energy Management Program

Post-Acceptance Performance Period

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Post-Acceptance Performance Period





Performance period activities

- Operation and maintenance of installed ECMs
- Measurement and verification of performance
- Invoicing and payments



Operations and maintenance

- Responsibility for O&M of installed equipment may reside with agency or ESCO
- If agency, ESCO provides O&M standards and training
- Regardless of who performs O&M, ESCO is responsible for ensuring that equipment delivers guaranteed savings



Agency has responsibilities even if ESCO performs O&M

- Periodic spot checks of ECMs
 - Confirm proper performance
 - Identify performance deficiencies
 - Document and report to ESCO immediately
- Notify ESCO of any ECM requiring routine or emergency maintenance/repair per service call procedures specified in TO



Measurement and Verification

- 13 months after installation, ESCO submits first annual M&V report. The M&V plan established:
 - Intervals for measurement (at least annual)
 - How ECM performance will be verified and savings will be calculated
 - Documentation contractor must provide
- Government must witness M&V activities
- Government must review and approve M&V report
- FEMP provides guidance for witnessing of M&V activities and review of M&V reports



Annual Reconciliation of Energy Savings Performance — Savings Shortfall

- If M&V report reveals that guaranteed cost savings are not achieved, ESCO is responsible for resolving ECM performance issues and proposing remediation options
- Agency may terminate payments until cause of shortfall is determined and corrected



ECM Performance Issues & Resolution

- Agency can resume payments after ECM performance issues are resolved to agency satisfaction
 - ESCO would include credit for shortfall on future invoices.
- Contract documents include provisions for addressing disputes
- FEMP ESPC Team can provide assistance



If Shortfall is Agency Responsibility

- If savings shortfall is agency responsibility (because of inadequate O&M, facility operations changes, or other condition outside ESCO's control) —
 - Agency resumes payments to ESCO



Invoices and Payments

- Invoicing begins after CO has formally accepted the installed project
- Invoices and payments can be monthly, annual, or other
- Agency is responsible for verifying that invoices contain any required documentation of services provided before issuing payment



ESPC Quality Assurance on the Macro level

- Previous slides focused on project-level activities
- Many agencies are now overseeing large numbers of ESPC projects in the performance period (some as many as 100)
- This volume of work raises a number of questions
 - How to ensure that the portfolio as a whole delivers the guaranteed savings
 - How to ensure project quality during long performance period
 - How to ensure continuity at sites over 20+ years given frequent personnel changes



Many agencies rely on headquarters-level organizations to oversee ESPC

- Maintain a repository of documents for each project
- Compile information on key contract terms and make the information accessible to agency officials in negotiating subsequent ESPCs
- Ensure site personnel are aware of the ESCO's schedule for M&V site visits and of their own responsibilities during these visits
- Coordinate reviews of annual M&V reports



Other responsibilities of agency ESPC management organizations

- Technical assistance to sites related to the performance of installed ECMs
- Contracting assistance to sites for contract modifications, ECM buyouts, and contract closeout
- Periodic reports to agency management on the performance of ongoing ESPCs
 - Realization rate of energy and cost savings



ESPC Performance Period QA document

- Developed by a working group of the Federal ESPC Steering Committee
- Intended to cover all federal ESPC, not just DOE's Super ESPC
- Provides a scope of work for agency ESPC management organizations
- Links to guidance for specific activities developed by FEMP and other Steering Committee working groups



Document provides guidance

On Data Collection and Storage

- Project Documentation
- Annual Measurement and Verification (M&V) Process
 - Calendar of events
 - M&V witnessing
 - M&V report review
- Contract Disputes
- Evaluation of ESPC Performance



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Status of guidance

- Draft out for comment
- Final guidance expected April 2009
- Working group seeking comment from all agencies of the federal government



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